

AUDITING PROCEDURES REPORT

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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Casco	County St. Clair
Audit Date March 31, 2004	Opinion Date June 9, 2003	Date Accountant Report Submitted to State: 7/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised,
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (PA. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Rehmann Robson			
Street Address 5750 New King Street, Suite 100		City Troy	State MI
Accountant Signature Thomas E. Darling, CPA		Zip 48098	

TOWNSHIP OF CASCO, MICHIGAN
Basic Financial Statements and Supplementary Information
For the Year Ended March 31, 2004

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REHMANN ROBSON

Certified Public Accountants

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An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

June 9, 2004

To the Board of Trustees
Casco Township
St. Clair County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Township of Casco, Michigan***, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***Township's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Township of Casco, Michigan*** as of March 31, 2004, and the respective changes in financial position, thereof and the respective budgetary comparisons of the General, Liquor Law Enforcement, and Parks and Recreation funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

As described in Note IV E, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of April 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2004, on our consideration of the *Township's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on Pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *Township of Casco's* basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Rehmann Lohman

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

Management's Discussion and Analysis

As management of *Casco Township, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2004. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$986,763 (*net assets*). Of this amount, \$589,048 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$61,540.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$716,118, an increase of \$62,806 in comparison with the prior year. More than three quarters of this total amount, or \$547,567, is *available for spending* at the government's discretion (*unreserved fund balance*).
- During the year, the Township sold a parcel of land for \$65,000. This activity is included in the capital projects parks and recreation fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

The governmental activities of the Township include general government, public safety, public works, highways and streets, community development and parks and recreation. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the three funds, which are all presented as major funds.

The Township adopts an annual appropriated budget for its general, special revenue and capital projects funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 13-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-29 of this report.

Other information. The general fund detailed schedule of expenditures compared to original and final budget and budget to actual statement of revenues, expenditures and changes in fund balance for the capital projects parks and recreation fund and the combining balance sheet of fiduciary funds are presented immediately following the accompanying notes. Combining and individual fund statements and schedules can be found on pages 30-32 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Casco Township, assets exceeded liabilities by \$986,763 at the close of the most recent fiscal year.

A large portion of the Township's net assets (27 percent) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding.

The Township has no outstanding debt as of March 31, 2004. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Casco Township
Net Assets**

	Governmental Activities
Current and other assets	\$ 735,059
Capital assets	267,740
Total assets	<u>1,002,799</u>
 Total liabilities	 <u>16,036</u>
 Net assets:	
Invested in capital assets, net of related debt	267,740
Restricted	129,975
Unrestricted	589,048
Total net assets	<u><u>\$ 986,763</u></u>

An additional portion of the Township's net assets (\$129,975) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$589,048 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in net assets for the governmental activities and positive fund balances for each of the individual funds. The same situation held true for the prior fiscal year.

The Township's restricted net assets increased by \$57,800 during the current fiscal year. This resulted from the sale of land and effect of general revenues and transfer out to the general fund during the current fiscal year.

The Township's net assets increased by \$61,540 during the current fiscal year. This growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses.

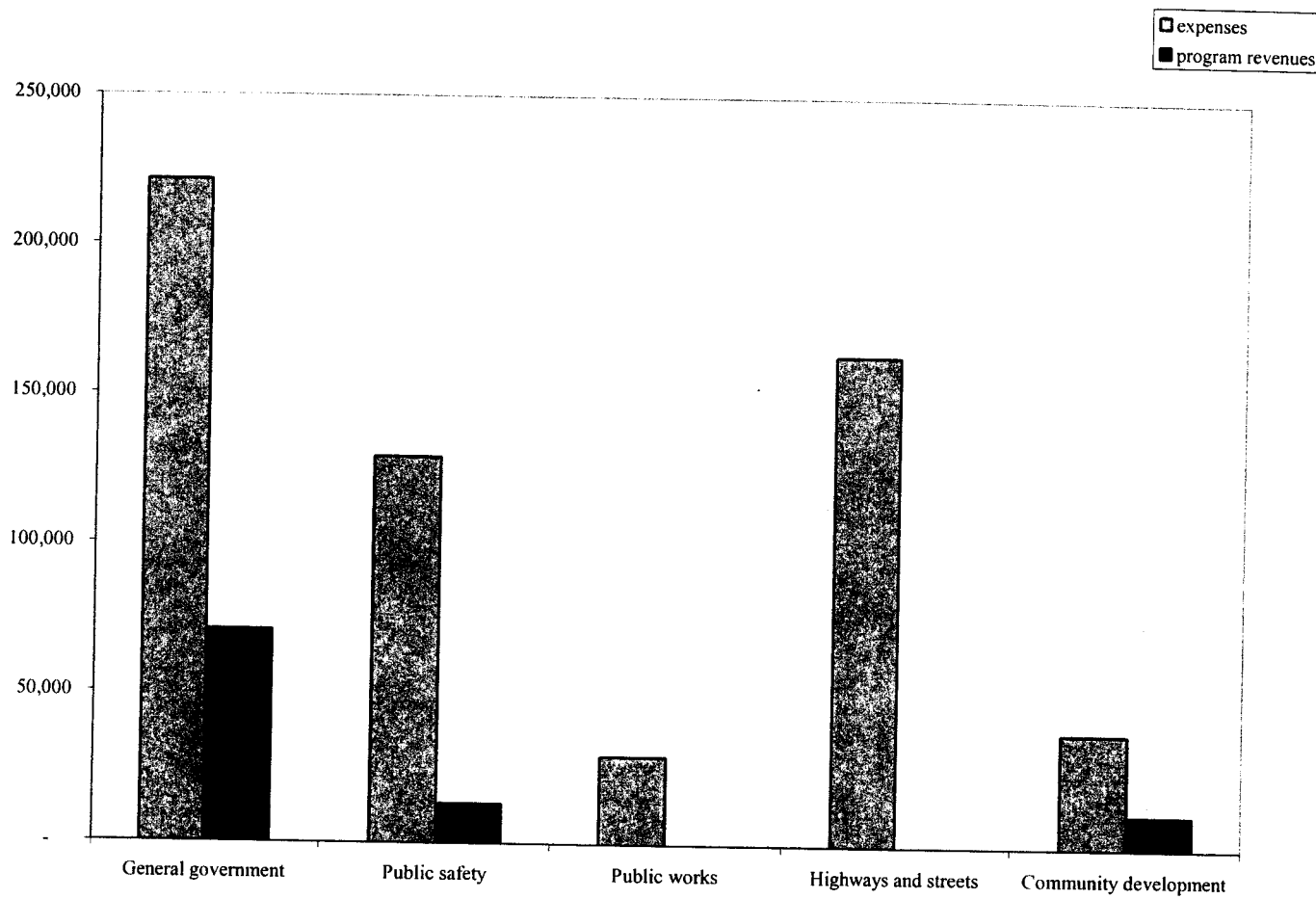
**Casco Township
Changes in Net Assets**

	<u>Governmental Activities</u>
Revenues:	
Program revenue:	
Charges for services	\$ 92,000
Operating grants and contributions	3,435
Capital grants and contributions	-
General revenue:	
Property taxes	151,253
State shared revenue	322,190
Other revenue	4,030
Unrestricted investment earnings	5,004
Gain on sale of capital Assets	65,000
Total revenue	<u>642,912</u>
Expenses:	
General government	221,332
Public safety	129,020
Public works	29,229
Highways and streets	163,715
Community development	38,076
Total expenses	<u>581,372</u>
Increase (decrease) in net Assets	61,540
Net assets – beginning of Year	<u>925,223</u>
Total net assets	<u>\$ 986,763</u>

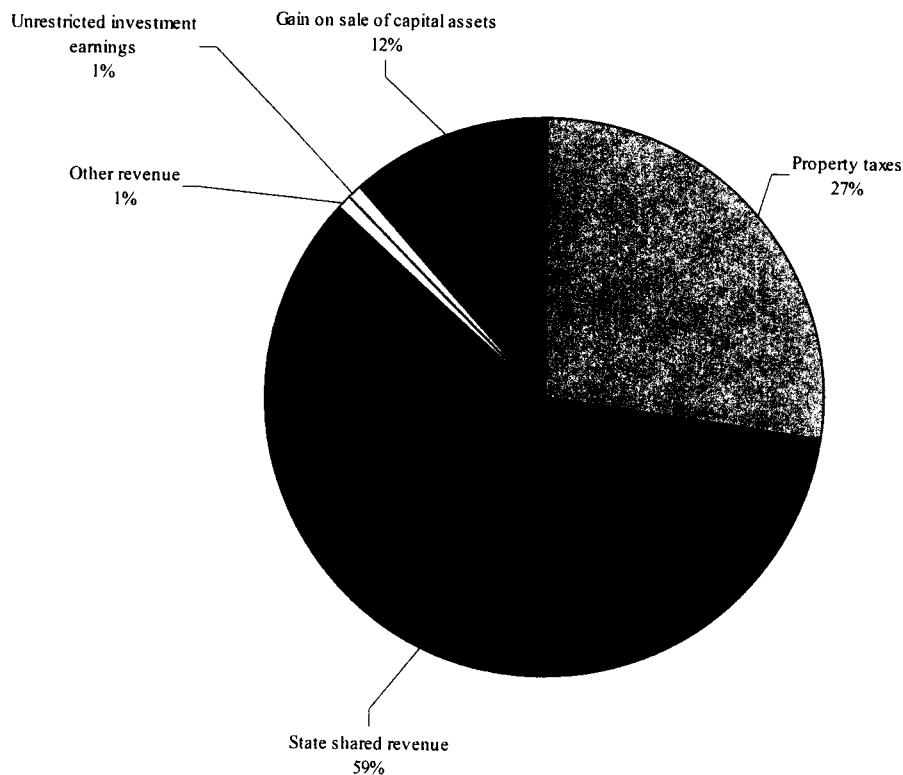
Governmental activities. Governmental activities increased the Township's net assets by \$61,540. Key elements of this increase are as follows:

- Proceeds from the sale of land totaled \$65,000.
- The Township expenses were over anticipated revenues as a result of significant increases in expenses that reflect current inflation and increased demand for services.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$716,118, an increase of \$62,806 in comparison with the prior year. Approximately three-quarters of this total amount (\$547,567) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay for specific capital projects (\$129,975) or 2) for a variety of other restricted purposes (\$38,576).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$547,567, while total fund balance was \$577,972. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 95.4 percent of total general fund expenditures.

The fund balance of the Township's general fund increased by \$4,787 during the current fiscal year. This is primarily attributable to a transfer in from the parks and recreation fund of \$26,348 and offset by an increase in expenses in every department of the general fund, with the exception of highways and streets.

The liquor law enforcement fund has a total fund balance of \$8,171, which increased by \$219 during the year. A budget was not originally adopted. Results from the final budget were similar to expectations.

The parks and recreation fund had an increase in fund balance for the current year of \$57,800, to an ending total of \$129,975. This increase was mainly attributable to the sale of land for \$65,000, offset by a transfer out to the general fund of \$26,348. Property tax revenue and expenditures did not differ significantly from the prior year.

General Fund Budgetary Highlights

There were no differences between the original and final amended budgets for the general fund revenues and expenditures.

During the year, general fund revenues were greater than planned for and expenditures were less than budgetary estimates. Thus, resulting in an actual increase in fund balance that exceeded the final amended budget amount by approximately \$11,334, rather than the expected decrease in fund balance of \$76,558.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2004, amounted to \$267,740 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment. The total decrease in the Township's investment in capital assets for the current fiscal year was \$4,171 (the effect of current year depreciation).

Casco Township Capital Assets (net of depreciation)

	Governmental Activities
Land	\$ 219,514
Buildings and improvements	41,352
Equipment	6,874
Total capital assets, net	<u>\$ 267,740</u>

Additional information on the Township's capital assets can be found in note III C. on page 26 of this report.

Long-term debt. At the end of the current fiscal year, the Township had no outstanding debt.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2004-05 fiscal year:

- The results of the budget to actual for the 2003-2004 fiscal year.
- Planned for capital purchases and projects.
- Increase in salaries for semi-annual pay raises.

Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Clerk's office, 4512 Meldrum Road, Casco, Michigan 48064.

***BASIC FINANCIAL
STATEMENTS***

TOWNSHIP OF CASCO, MICHIGAN
STATEMENT OF NET ASSETS
MARCH 31, 2004

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 614,860
Investments	65,334
Accounts receivable	54,865
Land	219,514
Capital assets, net of depreciation	<u>48,226</u>
Total assets	<u>1,002,799</u>
Liabilities	
Accounts payable	<u>16,036</u>
Net Assets	
Invested in capital assets, net of related debt	267,740
Restricted for:	
Capital projects	129,975
Unrestricted	<u>589,048</u>
Total net assets	<u><u>\$ 986,763</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASCO, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 221,332	\$ 70,869	\$ -	\$ -
Public safety	129,020	9,820	3,435	-
Public works	29,229	-	-	-
Highway and streets	163,715	-	-	-
Community development	38,076	11,311	-	-
Total governmental activities	<u>\$81,372</u>	<u>92,000</u>	<u>3,435</u>	<u>-</u>
General revenues:				
Property taxes				151,253
State shared revenue				322,190
Other revenue				4,030
Unrestricted investment earnings				5,004
Gain on sale of capital assets				65,000
Total general revenues				<u>547,477</u>
Change in net assets				61,540
Net assets, beginning of year, as restated				<u>925,223</u>
Net assets, end of year				<u>\$ 986,763</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASCO, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2004

	GENERAL	LIQUOR LAW ENFORCEMENT	PARKS AND RECREATION	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 542,048	\$ 8,171	\$ 64,641	\$ 614,860
Investments	-	-	65,334	65,334
Accounts receivable:				
Taxes receivable	11,386	-	-	11,386
State shared revenue	43,479	-	-	43,479
TOTAL ASSETS	\$ 596,913	\$ 8,171	\$ 129,975	\$ 735,059
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 16,036	\$ -	\$ -	\$ 16,036
Deferred revenue	2,905	-	-	2,905
TOTAL LIABILITIES	18,941	-	-	18,941
FUND EQUITY				
Fund balances:				
Reserved				
Parks and recreation	-	-	129,975	129,975
Liquor law enforcement	-	8,171	-	8,171
Construction code enforcement	30,405			30,405
Unreserved:				
Undesignated	547,567		-	547,567
TOTAL FUND EQUITY	577,972	8,171	129,975	716,118
TOTAL LIABILITIES AND FUND EQUITY	\$ 596,913	\$ 8,171	\$ 129,975	\$ 735,059

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CASCO, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2004**

Fund balances - total governmental funds \$ 716,118

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds. 267,740

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes 2,905

Net assets of governmental activities \$ 986,763

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASCO, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL	LIQUOR LAW ENFORCEMENT	PARKS AND RECREATION	Total
REVENUES				
Property taxes	\$ 99,515	\$ -	\$ 18,086	\$ 117,601
Licenses and permits	47,176	-	-	47,176
Charges for services	44,824	-	-	44,824
Intergovernmental:				
State grants	322,190	3,435	-	325,625
Collection fees	30,747	-	-	30,747
Interest	3,922	20	1,062	5,004
Other	4,030	-	-	4,030
TOTAL REVENUES	552,404	3,455	19,148	575,007
EXPENDITURES				
General government	122,320	-	-	122,320
Public safety	125,784	3,236	-	129,020
Public works	29,229	-	-	29,229
Highways and streets	163,715	-	-	163,715
Community development	38,076	-	-	38,076
Capital outlay	2,210	-	-	2,210
Other	92,631	-	-	92,631
TOTAL EXPENDITURES	573,965	3,236	-	577,201
REVENUES OVER (UNDER) EXPENDITURES	(21,561)	219	19,148	(2,194)
OTHER FINANCING SOURCES (USES)				
Transfers in	26,348	-	-	26,348
Transfers out	-	-	(26,348)	(26,348)
Proceeds from sale of capital assets	-	-	65,000	65,000
TOTAL OTHER FINANCING SOURCES (USES)	26,348	-	38,652	65,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	4,787	219	57,800	62,806
FUND BALANCES, BEGINNING OF YEAR	573,185	7,952	72,175	653,312
FUND BALANCES, END OF YEAR	\$ 577,972	\$ 8,171	\$ 129,975	\$ 716,118

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CASCO, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004**

Net change in fund balances - total governmental funds	\$ 62,806
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds do not report capital assets. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Subtract: depreciation expense	(4,171)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Add: current year deferred property taxes and special assessments	<u>2,905</u>
Change in net assets of governmental activities	<u><u>\$ 61,540</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASCO, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 93,486	\$ 93,486	\$ 99,515	\$ 6,029
Licenses and permits	30,000	30,000	47,176	17,176
Charges for services	29,500	29,500	44,824	15,324
Intergovernmental:				
State-shared revenue	326,000	326,000	322,190	(3,810)
Collection fees	25,000	25,000	30,747	5,747
Interest	5,000	5,000	3,922	(1,078)
Other	5,000	5,000	4,030	(970)
TOTAL REVENUES	513,986	513,986	552,404	38,418
EXPENDITURES				
General government	121,824	121,824	122,320	(496)
Public safety	118,500	118,500	125,784	(7,284)
Public works	31,800	31,800	29,229	2,571
Highways and streets	180,000	180,000	163,715	16,285
Community development	26,400	26,400	38,076	(11,676)
Capital outlay	3,500	3,500	2,210	1,290
Other functions	108,520	108,520	92,631	15,889
TOTAL EXPENDITURES	590,544	590,544	573,965	16,579
REVENUES OVER (UNDER) EXPENDITURES	(76,558)	(76,558)	(21,561)	54,997
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	26,348	26,348
NET CHANGE IN FUND BALANCES	(76,558)	(76,558)	4,787	81,345
FUND BALANCES, BEGINNING OF YEAR	573,185	573,185	573,185	-
FUND BALANCES, END OF YEAR	\$ 496,627	\$ 496,627	\$ 577,972	\$ 81,345

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CASCO, MICHIGAN
LIQUOR LAW ENFORCEMENT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental:				
State-shared revenue	\$ -	\$ 3,433	\$ 3,435	\$ 2
Interest	-	77	20	(57)
TOTAL REVENUES	-	3,510	3,455	(55)
EXPENDITURES				
Public safety	-	3,333	3,236	97
REVENUES OVER (UNDER) EXPENDITURES	-	177	219	42
NET CHANGE IN FUND BALANCES	-	177	219	42
FUND BALANCES, BEGINNING OF YEAR	7,952	7,952	7,952	-
FUND BALANCES, END OF YEAR	<u>\$ 7,952</u>	<u>\$ 8,129</u>	<u>\$ 8,171</u>	<u>\$ 42</u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CASCO, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2004**

<u>ASSETS</u>		<u>AGENCY</u>
Cash and cash equivalents	\$	<u>47,688</u>
<u>LIABILITIES</u>		
LIABILITIES		
Other liabilities	\$	<u>47,688</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Casco, Michigan (the "Township" or "government") is governed by an elected Board of Trustees. There are no component units to be included in these financial statements as defined by generally accepted accounting principles.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

Government-wide financial statements. The statements of net assets and activities report information on all of the non-fiduciary activities of the Township. For the most part, eliminations have been made to remove the effect of double-counting inter-fund activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues of the Township's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a particular function or segment. Program revenues include (1) fees, fines and charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and other items, are presented as general revenues.

Fund financial statements. The fund financial statements report in separate statements, information for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and fiduciary fund financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the Township gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

Governmental fund financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, franchise taxes, intergovernmental revenues, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

The Township reports the following major governmental funds:

General fund. This is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Liquor law enforcement fund. This fund accounts for specific revenue sources that are legally restricted to expenditures for liquor law enforcement.

Parks and Recreation. This fund accounts for financial resources to be used for the acquisition of park land.

Additionally, the Township reports the following fund types:

Agency funds. These funds account for assets held for other governments in an agency capacity.

The government-wide financial statements of the Township follow private-sector standards of accounting and financial reporting issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

D. Assets, Liabilities and Equity

Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Receivables and payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

All outstanding balances between funds are reported as *due to/from other funds*.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The Township has no infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Equipment	10

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township had no long-term debt or obligations outstanding as of March 31, 2004.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

II STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general, special revenue, and capital projects funds. All annual appropriations lapse at fiscal year-end; encumbrances are not included as expenditures.

The Township Board requires the Township Clerk to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in February for Board review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the activity level. Transfers of appropriations between departments require the approval of the Board. A comparison of actual results of operations to the general fund and special revenue fund budgets as adopted and amended by the Township Board is included in the basic financial statements.

B. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as follows:

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund Activity			
General Government:			
Supervisor	\$ 22,200	\$ 22,220	\$ 20
Treasurer	27,752	31,804	4,052
Assessor	23,500	24,647	1,147
Public Safety:			
Inspection	30,500	38,455	7,955
Public Works:			
Township hall & grounds	16,600	17,850	1,250
Community Development:			
Planning and zoning	26,400	38,076	11,676
Parks and Recreation Fund			
Operating transfers	-	26,348	26,348

III DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits, Investments and Securities Lending

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of March 31, 2004:

	<u>Primary Government</u>
Statement of Net Assets	
Cash and cash equivalents	\$ 614,860
Investments	65,334
Statement of Fiduciary Net Assets	
Cash and cash equivalents	47,688
Total	<u><u>\$ 727,882</u></u>
Deposits and Investments	
Bank deposits (checking accounts, savings accounts and CD's)	\$ 387,356
Investments in mutual funds and vehicles	340,426
Cash on hand	100
Total	<u><u>\$ 727,882</u></u>

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

Deposits. At year-end, the carrying amount of deposits was \$387,356. The bank balance was \$402,233. Of the bank balance, \$167,982 was covered by federal depository insurance, and \$234,251 was uninsured and uncollateralized.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits at all times. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments. The Township's investments have been classified into the following three categories of credit risk: (1) insured or registered, or securities held by the government or its agent in the government's name; (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

As of March 31, 2004, the Township's investments consist of investment pools in the amount of \$340,426. The Michigan Banking Act regulates these bank investment pools. The fair value of the position in the bank investment pools is the same as the value of the pool shares. The bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

B. Receivables

Receivables as of year-end for the Township's governmental funds include state shared revenue of \$43,479 and gross taxes receivable of \$31,863. Taxes receivable are offset by an allowance for uncollectibles equal to \$20,477. Net receivables at the government wide financial statements total \$54,865.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues are considered available if they are received within sixty days after year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue of \$2,905 is composed of delinquent personal property taxes receivable in the General fund since they do not meet the availability criteria. The revenue is recognized at the government wide financial statements in accordance with the full accrual method of accounting.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

C. Capital Assets

Capital assets activity for the year ended March 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated – Land	\$ 219,514	\$ -	\$ -	\$ 219,514
Capital assets, being depreciated:				
Buildings and improvements	\$ 93,992	\$ -	\$ -	\$ 93,992
Equipment	23,451	-	-	23,451
Total capital assets being depreciated	117,443	-	-	117,443
Less accumulated depreciation for:				
Buildings and improvements	\$ (50,760)	\$ (1,880)	\$ -	\$ (52,640)
Equipment	(14,286)	(2,291)	-	(16,577)
Total accumulated depreciation	(65,046)	(4,171)	-	(69,217)
Total capital assets being depreciated, net	52,397	(4,171)	-	48,226
Governmental activities capital assets, net	\$ 271,911	\$ (4,171)	\$ -	\$ 267,740

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,171

D. Interfund Transfers

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2004, the parks and recreation fund transferred \$26,348 to the general fund.

G. Reserves, Designations and Restrictions of Fund Balance and Net Assets

Reserves Reserved fund balances are legal restrictions on fund balance imposed by sources outside the Township, which typically involve donor restrictions for specific purposes on Township financial resource.

Designations Designated fund balances are restrictions imposed by the Township on the use of fund balance for specific purposes.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

Restricted Net Assets Restricted net assets on the Statement of Net Assets are similar to reserved fund balance in that a portion of net assets are legally restricted for a specific purpose as imposed by sources outside of the Township.

The schedule of reserved, designated and restricted fund balance and net assets is as follows:

	Reserved Fund Balance	Restricted Net Assets
Governmental activities:		
Parks and recreation	\$ 129,975	\$ 129,975
Liquor law enforcement	8,171	-
Construction code enforcement	30,405	-
	<u>\$ 168,551</u>	<u>\$ 129,975</u>

There were no designations of fund balance as of March 31, 2004.

IV OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries and illnesses of employees; and natural disasters. The Township carries commercial insurance to cover any potential claims associated with these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Property Taxes

The government's property taxes are levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest if paid in full by February 14th. As of February 28, the unpaid real property taxes are sold to and collected by the County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the Township for the 2003 levy was \$118,606,462. The government's general operating tax rate for fiscal 2003-2004 was 8.015 mills with an additional 4.956 mills levied by the County for parks and recreation. Additionally, a 1% administration fee applies.

Property taxes are recognized in the fiscal year in which they are levied.

C. Contingent Liabilities

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

D. Defined Contribution Retirement Plan

The Township provides pension benefits to all of its full-time employees through a defined contribution plan, the "Casco Township Fringe Benefit Plan", held and administered by American Skandia. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes fifteen percent of employees' gross earnings. The Township's contributions for each employee, plus interest allocated to the employees account, are fully vested immediately. Employees do not contribute to the Plan.

Pension benefits and contribution requirements are established and may be amended by the Township Board. For the year ended March 31, 2004, the Township's required and actual contribution was \$13,095.

E. Restatements

As of and for the year ended March 31, 2004, the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments.

The more significant of the changes required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;

TOWNSHIP OF CASCO, MICHIGAN

Notes To Financial Statements

- Schedules to reconcile the fund financial statements to the government-wide financial statements;
- Notes to the basic financial statements;
- Required supplementary information.

As a result of implementing these pronouncements for the fiscal year ended March 31, 2004, the following restatements were made to beginning fund balance and net asset accounts:

Government-wide financial statements. Beginning net assets for governmental activities was determined as follows:

Fund balances of general, special revenue, and capital project as of 3/31/03	\$ 653,312
Add: governmental capital assets as of 3/31/03	336,957
Deduct: accumulated depreciation as of 3/31/03 on above governmental capital assets	<u>(65,046)</u>
Governmental net assets, restated, as of 4/1/03	<u>\$ 925,223</u>

* * * * *

***COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES***

**TOWNSHIP OF CASCO, MICHIGAN
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT				
Council	\$ 19,720	\$ 19,720	\$ 18,008	\$ 1,712
Supervisor	22,200	22,200	22,220	(20)
Clerk	25,652	25,652	23,945	1,707
Treasurer	27,752	27,752	31,804	(4,052)
Cemetery	2,000	2,000	1,073	927
Assessor	23,500	23,500	24,647	(1,147)
Board of review	1,000	1,000	623	377
TOTAL GENERAL GOVERNMENT	121,824	121,824	122,320	(496)
PUBLIC SAFETY				
Ambulance and fire	88,000	88,000	87,329	671
Inspection	30,500	30,500	38,455	(7,955)
TOTAL PUBLIC SAFETY	118,500	118,500	125,784	(7,284)
PUBLIC WORKS				
Drains	8,200	8,200	5,105	3,095
Street lighting	7,000	7,000	6,274	726
Township hall and grounds	16,600	16,600	17,850	(1,250)
TOTAL PUBLIC WORKS	31,800	31,800	29,229	2,571
HIGHWAYS AND STREETS	180,000	180,000	163,715	16,285
COMMUNITY DEVELOPMENT				
Planning and zoning	26,400	26,400	38,076	(11,676)
CAPITAL OUTLAY	3,500	3,500	2,210	1,290
OTHER	108,520	108,520	92,631	15,889
TOTAL EXPENDITURES	\$ 590,544	\$ 590,544	\$ 573,965	\$ 16,579

**TOWNSHIP OF CASCO, MICHIGAN
PARKS AND RECREATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ -	\$ 17,000	\$ 18,086	\$ 1,086
Interest	-	-	1,062	1,062
TOTAL REVENUES	-	17,000	19,148	2,148
EXPENDITURES				
Capital outlay	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	17,000	19,148	2,148
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(26,348)	(26,348)
Proceeds from sale of capital assets	-	-	65,000	65,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	38,652	38,652
NET CHANGE IN FUND BALANCES	-	17,000	57,800	40,800
FUND BALANCES, BEGINNING OF YEAR	72,175	72,175	72,175	-
FUND BALANCES, END OF YEAR	<u>\$ 72,175</u>	<u>\$ 89,175</u>	<u>\$ 129,975</u>	<u>\$ 40,800</u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CASCO, MICHIGAN
COMBINING BALANCE SHEET
AGENCY FUNDS
MARCH 31, 2004**

<u>ASSETS</u>	<u>TAX COLLECTION</u>	<u>BOND DEPOSIT</u>	<u>TOTAL</u>
Cash and cash equivalents	<u>\$ 785</u>	<u>\$ 46,903</u>	<u>\$ 47,688</u>
<u>LIABILITIES</u>			
LIABILITIES			
Other liabilities	<u>\$ 785</u>	<u>\$ 46,903</u>	<u>\$ 47,688</u>

The accompanying notes are an integral part of these financial statements.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 9, 2004

To the Board of Trustees
Casco Township
St. Clair County, Michigan

We have audited the financial statements of the *Township of Casco, Michigan* as of and for the year ended March 31, 2004, and have issued our report thereon dated June 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the *Township's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *Township's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Johnson